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# LATIN AMERICAN POLICY OF THE ROOSEVELT ADMINISTRATION

by

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with the aid of the Research Staff of the Foreign Policy Association

## INTRODUCTION

“IN the field of world policy,” declared President Roosevelt in his inaugural address, “I would dedicate this nation to the policy of the good neighbor—the neighbor who resolutely respects himself and, because he does so, respects the rights of others—the neighbor who respects his obligations and respects the sanctity of his agreements in and with a world of neighbors.”<sup>1</sup>

For Latin America these words constituted a significant pledge to relieve conditions regarded in that region as unjust and inequitable. The purpose of this report is to survey the changes in Washington’s policy toward Latin America which have occurred during the Roosevelt administration.

Criticism of the course followed by the United States in Latin America has centered on this country’s application of the Monroe Doctrine and its alleged right of intervention in other countries. The Monroe Doctrine, propounded in 1823 as a unilateral declaration of the defense policy of the United States, clearly stated that this country would not tolerate aggressive action by European powers in this hemisphere. In the closing years of the nineteenth century and after, however, a gradual reinterpretation of the Doctrine took place. This development culminated in the so-called “Roosevelt corollary,” enunciated in Theodore Roosevelt’s message to Congress on December 6, 1904, when the President stated that:

“Chronic wrongdoing, or an impotence which results in a general loosening of the ties of civilized society, may in America, as elsewhere, ultimately require intervention by some civilized nation, and in the Western Hemisphere the adherence of the United States to the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of such wrongdoing or impotence, to the exercise of an international police power.”<sup>2</sup>

This declaration seemed clearly to proclaim the moral superiority of the United

1. Franklin D. Roosevelt, Inaugural Address, delivered at the Capitol, Washington, D. C., March 4, 1933 (Washington, Government Printing Office, 1933).

2. Quoted in J. Reuben Clark, *Memorandum on the Monroe Doctrine* (Washington, Government Printing Office, 1930), p. 231.

States and its right of intervention in Latin America at its own discretion. Those who opposed such an assumption were alarmed when the United States virtually forced Cuba to accept the Platt Amendment, fostered the new state of Panama and secured broad powers for the construction and defense of the Canal, and instituted military occupation and financial supervision in various Caribbean countries.<sup>3</sup> Their anxiety increased with the formulation of the Wilsonian doctrine of “constitutionalism,” a modification of our traditional recognition policy which sought to oppose the possibility of successful changes of government through revolution in Latin American countries.<sup>4</sup>

The emergence of the United States from the World War with enhanced power and prestige only served to increase Latin American fears. The provision inserted in the League Covenant defining the Monroe Doctrine as a “regional understanding for securing the maintenance of peace” seemed to contradict the spirit in which the League was expected to operate. President Coolidge’s sweeping declaration that since “the person and property of a citizen are a part of the general domain of the nation, even when abroad . . . there is a distinct and binding obligation on the part of self-respecting Governments to afford protection to the persons and property of their citizens, wherever they may be” could not be easily reconciled with concepts of national sovereignty and independence.<sup>5</sup> The conviction that the United States was seeking to establish its hegemony in the Caribbean area was strengthened by its military intervention in Nicaragua in 1926 and its strong stand against the principle of non-intervention at the Sixth Pan-American Conference in 1928.<sup>6</sup>

3. Cf. John H. Latané, *A History of American Foreign Policy* (Garden City, Doubleday Doran, 1929), p. 544, et seq.

4. Cf. p. 271.

5. Address to the United Press, April 25, 1927, *New York Times*, April 26, 1927.

6. For a summary of this development, cf. R. L. Buell, “The Montevideo Conference and the Latin American Policy of the United States,” *Foreign Policy Reports*, November 22, 1933.

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## CHANGES UNDER THE HOOVER ADMINISTRATION

A definite change in Latin American policy appeared under the Hoover administration. Criticism at home and abroad and the difficulty of maintaining property rights during economic depression undoubtedly contributed to this change. Certain sources of friction were eliminated by a policy of gradual relaxation of American influence in the Caribbean area. No efforts were made to intervene in the Dominican Republic and El Salvador when those governments defaulted on debt payments to American nationals. The last United States marines were withdrawn from Nicaragua on January 2, 1933, and steps were taken to end armed intervention in Haiti. The general shift in policy had to a degree been foreshadowed by the publication in 1930 of a memorandum on the Monroe Doctrine written by J. Reuben Clark, at that time Undersecretary of State. The memorandum, although never officially endorsed by the administration, attracted wide attention because of its strict construction of the terms of the Monroe Doctrine. Repudiating the "Roosevelt corollary" as unjustified by the words of the original statement of the Doctrine, it fell back on the right of self-preservation and self-defense as the legal basis for intervention by the United States. While in no way condemning intervention as such, the memorandum may be said to have had a deterrent effect simply because of the clarity with which it stated the objectives of such action.<sup>7</sup> Considered in conjunction with the events summarized above, it marks a definite reorientation of our policy in Latin America.

Under the Hoover administration, moreover, this country reverted to its traditional policy with respect to the recognition of new governments on this continent. The influence of the United States in the Caribbean area is often so great that the mere granting or withholding of recognition may determine the existence of a particular government. Until 1913 the United States had largely disregarded the question of the constitutional

legitimacy of a new government and acknowledged its existence *de facto* provided it could maintain control without substantial resistance to its authority. Recognition had generally been accorded when the new government showed ability and willingness to respect its international obligations.<sup>8</sup> With the inauguration of President Wilson, however, the United States assumed a different position. Respect for constitutional processes as the expression of the popular will became an important factor in our recognition policy, with the result that this country refused to recognize governments which it believed to be of revolutionary—and hence illegal—origin, no matter how stable they might be.<sup>9</sup> To many observers this policy seemed to involve a clear case of interference with the internal affairs of Latin American nations, in many of which the bases for democratic government were largely lacking. It was not until the advent of the Hoover administration, however, that a change in the Wilsonian practice was announced. In an address on February 6, 1931 Secretary of State Stimson reiterated the pre-Wilsonian policy when he declared that:

"The general policy, as thus observed, was to base the act of recognition not upon the question of the constitutional legitimacy of the new government but upon its *de facto* capacity to fulfill its obligations as a member of the family of nations. This country recognized the right of other nations to regulate their own internal affairs of government and disclaimed any attempt to base its recognition upon the correctness of their constitutional action."<sup>10</sup>

Accordingly, this country promptly recognized revolutionary governments in South America, Panama and the Caribbean area. In Secretary Stimson's opinion this development played an important part in the efforts of the Hoover administration to make our Latin American policy "so clear in its implications of justice and goodwill, in its avoidance of anything which could be even misconstrued into a policy of forceful intervention or a desire for exploitation of those republics and their citizens, as to reassure the most timid or suspicious among them."<sup>11</sup>

## THE QUESTION OF INTERVENTION

Despite the program for liquidating American military intervention in Nicaragua and Haiti, Latin Americans continued to have misgivings about this country's policy. The Hoover administration, to be sure, had par-

tially met their desires in isolated instances, but it had not clearly and unequivocally stated the determination of the United States not to interfere with the internal affairs of Latin American governments in the future.

7. Clark, *Memorandum on the Monroe Doctrine*, cited.

8. Cf. Mr. Hill, Acting Secretary of State, to Mr. Hart, American Minister to Colombia, September 8, 1900, in John Bassett Moore, *A Digest of International Law* (Washington, Government Printing Office, 1906), Vol. I, p. 139. Also Charles Cheney Hyde, *International Law, Chiefly as Interpreted and Applied by the United States* (Boston, Little Brown, 1922), Vol. I, p. 68-70; Vera Michèle Dean, "The Outlook for Soviet-American Relations," *Foreign Policy Reports*, March 15, 1933.

9. Cf. President Wilson's declaration of policy with regard to Latin America, *Foreign Relations of the United States, 1913* (Washington, Government Printing Office, 1920), p. 7.

10. Henry L. Stimson, *The United States and the Other American Republics* (Washington, Government Printing Office, 1931), p. 6. Certain Central American republics were excepted for special reasons, cf. p. 278.

11. Henry L. Stimson, "Bases of American Foreign Policy During the Past Four Years," *Foreign Affairs*, April 1933, p. 394.

Observers awaited more definite statements from the new Roosevelt administration to implement the general terms of its announced "good neighbor" policy. The administration's attitude was indicated in a proposal made by President Roosevelt on May 16, 1933 that states should agree not to send their troops across the frontiers of other states except in accordance with existing treaties. In advancing this suggestion the President indicated his willingness to forego the practice of armed intervention in the countries of the Caribbean and elsewhere.<sup>12</sup> The treaty relationships of the United States with some Caribbean nations, such as the Permanent Treaty of May 1903 with Cuba, and the Canal agreement of November 1903 with Panama, gave Washington a right to intervene under certain circumstances. At the Seventh Pan-American Conference held at Montevideo in December 1933, Secretary of State Cordell Hull affirmed his government's desire to end such engagements with all possible speed, but he warned the Conference that "some patience" might be necessary before "disentanglement from obligations of another era" could be brought about.<sup>13</sup> The implication was that the United States would not renounce its special treaty rights of intervention in the affairs of other states until the engagements involved had been liquidated by legal methods.

On December 19, 1933, during a Conference debate in connection with a convention on the rights and duties of states, Secretary Hull elaborated the position of the United States: ". . . under the Roosevelt administration," he declared, "the United States Government is as much opposed as any other government to interference with the freedom, the sovereignty, or other internal affairs or processes of the governments of other nations . . . no government need fear any intervention on the part of the United States under the Roosevelt administration."<sup>14</sup> Taken in conjunction with the reservation expressed by Mr. Hull a few days earlier, this statement was not accepted as a categorical renunciation of intervention on the part of the United States. It left unsettled the immediate status of our relations with certain Caribbean countries as well as the future course of the Roosevelt administration's Latin American policy. Nevertheless, it apparently went further than the Latin Americans at the Conference had expected.<sup>15</sup>

#### Two days after the Montevideo Conference

12. Cf. *New York Herald Tribune*, May 17, 1933.

13. State Department, *Press Releases*, December 16, 1933.

14. *Ibid.*, December 23, 1933.

15. Cf. C. A. Thomson, "The Seventh Pan-American Conference: Montevideo," *Foreign Policy Reports*, June 6, 1934.

adjourned, however, this government's policy was given a definite reformulation. On December 28, 1933, at a dinner of the Woodrow Wilson Foundation, President Roosevelt declared:

" . . . the definite policy of the United States from now on is one opposed to armed intervention. The maintenance of constitutional government in other nations is not, after all, a sacred obligation devolving upon the United States alone. The maintenance of law and the orderly processes of government in this hemisphere is the concern of each individual nation within its borders first of all. It is only if and when the failure of orderly processes affects the other nations of the continent that it becomes their concern; and the point to stress is that in such an event it becomes the joint concern of the whole continent in which we are all neighbors."<sup>16</sup>

By placing the administration on record in these terms against unilateral intervention, President Roosevelt apparently renounced the insistence on the protection of American lives and property by force, which the United States had stressed at the Pan-American Conference at Havana in 1928. Unlike Secretary Hull, the President did not limit his statement by restricting its application to his own administration and excepting present treaty commitments; but he referred only to "armed" intervention, while the Secretary had not mentioned this qualification. President Roosevelt gave considerable encouragement to those Latin American jurists who maintain that, since all states are equal and independent under international law, no great power should take advantage of its preponderance of force to interfere with the internal affairs of smaller nations.<sup>17</sup>

While President Roosevelt did not say that the United States would under no circumstances intervene on this continent, he implied that such action would no longer be carried out at the sole discretion and initiative of Washington. He did not specify the circumstances under which the administration would intervene, nor did he indicate the precise part which the other American governments would play when the occasion for intervention arose. Indeed, as Secretary Hull had been careful to point out at Montevideo, no official definition or interpretation of intervention existed.<sup>18</sup> Consequently, while many Latin Americans hailed the declaration as a step toward collective intervention by American governments, there was a tendency to reserve final judgment until the new policy was applied in particular circumstances.

16. Woodrow Wilson Foundation, dinner in commemoration of the birthday of Woodrow Wilson, address by Franklin Delano Roosevelt, President of the United States, December 28, 1933. *New York Times*, December 29, 1933.

17. Cf. Buell, "The Montevideo Conference and the Latin American Policy of the United States," cited.

18. Thomson, "The Seventh Pan-American Conference: Montevideo," cited.

## CUBA

The rapid succession of events in Cuba has furnished the most striking test for the administration's "good neighbor" policy. For more than thirty years the attitude of the United States toward Cuba has been governed by the terms of the Platt Amendment, embodied in the Treaty of Relations signed on May 22, 1903, which provided that the United States might intervene in Cuba for the preservation of Cuban independence and the maintenance of a government adequate for the protection of life, property and individual liberty.<sup>19</sup> Although there is no specific reference to revolution in the treaty, the opinion was widely held in Cuba that the disorder necessarily accompanying any violent overthrow of an established government would inevitably lead to intervention on the part of the United States.<sup>20</sup>

Under the dictatorship of President Machado, who had assumed office in 1925, political and economic conditions in the island grew steadily worse. The fall in the price of sugar, Cuba's principal crop, and the onerous burden of foreign debt charges resulted in widespread impoverishment and grave social maladjustment. Machado was able to maintain his power only by a reign of terror and open disregard for constitutional methods of procedure. By the spring of 1933 the country was in a ferment; powerful revolutionary organizations awaited an opportune moment to oust the hated dictator and his régime. President Roosevelt apparently realized the need for a political change if serious disturbances were to be avoided. Shortly after his inauguration he appointed Sumner Welles, a diplomat experienced in Latin American affairs, as his Ambassador to Havana. Confronted with a dark picture of political turmoil and economic disorganization, Mr. Welles succeeded in opening negotiations between President Machado and the leaders of opposition groups for the restoration of constitutional government and the replacement of Machado.<sup>21</sup> In August 1933, however, a general strike, followed by a defection of the army, forced Machado and the members of his cabinet, with the exception of his Secretary of War, to resign and flee from the country. Under the procedure provided by the constitution of Cuba General Herrera, the Secretary of War, thus became acting president; he appointed as his Secre-

19. Cuba's sovereignty is also impaired by certain other provisions of the treaty. William M. Malloy, *Treaties, Conventions, International Acts, Protocols and Agreements between the United States of America and Other Powers, 1776-1909* (Washington, Government Printing Office, 1910), Vol. I, p. 363.

20. Cf. R. L. Buell, "The Caribbean Situation: Cuba and Haiti," *Foreign Policy Reports*, June 21, 1933.

21. U. S. Department of State, Latin American Series, No. 7, *Relations between the United States and Cuba*, address by Hon. Sumner Welles before the Young Democratic Clubs of America, Washington, March 29, 1934 (Washington, Government Printing Office, 1934), p. 7.

tary of State Dr. Carlos Manuel de Céspedes and then resigned in turn. Dr. Céspedes took over the presidency, and the United States adopted the position that the question of recognition did not arise, since the new government had come into office by constitutional methods.

Recalling the prominent part played by Ambassador Welles before and during the change of government, many Cubans charged that the United States government, through its Ambassador, had engineered a *coup d'état* and was striving to block social and economic reforms desired by the masses. The Céspedes government, they asserted, would not continue to exist without the backing of the United States.<sup>22</sup> The presence in Cuban waters of American naval vessels sent by President Roosevelt to protect American lives during reported disturbances was used to strengthen their argument. The President, however, termed this action a "precautionary step" and announced that "no possible question . . . of the slightest interference with the internal affairs of Cuba has arisen or is intended."<sup>23</sup> The administration's general position was that, following its declared policy of the "good neighbor" toward Cuba, intervention was not under consideration, this country was loath to exercise its "privilege" under the Platt Amendment, and Ambassador Welles' rôle had been "not to dictate" in Cuba "but to assist the various factions to work out their own solution of their troublesome and complex problems."<sup>24</sup>

On September 5, less than a month after the formation of the Céspedes government, the rank and file of the Cuban army revolted under the leadership of Sergeant (later Colonel) Fulgencio Batista and promptly replaced the Céspedes government with a Committee of Five, which shortly afterward elected Dr. Grau San Martín President. The new government was frankly revolutionary and radical; it criticized its predecessor for not breaking completely with the past and asserting Cuba's full independence from alleged domination by American governmental and capitalist interests.<sup>25</sup> When reports of the revolution and attendant disorders reached Washington, the reaction was swift and startling. War vessels were ordered to Cuban waters, virtually all naval craft in the Atlantic were commanded to stand by in case they should be needed, and marines were concentrated at Quantico. Secretary of the Navy Swanson sailed for Havana on the cruiser *Indianapolis*.<sup>26</sup> While this impressive

22. *New York Times*, August 25, 1933; September 6, 1933.

23. *New York Herald Tribune*, August 14, 1933.

24. Radio address by Jefferson Caffery, Assistant Secretary of State, *New York Times*, September 6, 1933.

25. *New York Times*, September 6, 1933.

26. *New York Times*, September 7, 1933.

marshalling of forces took place, President Roosevelt invited officials of the embassies of Argentina, Brazil, Chile and Mexico to the White House, where he placed before them a statement of the policy of the United States with regard to Cuba.<sup>27</sup> Although this action was later represented in some quarters as a manifestation of the policy subsequently laid down by President Roosevelt when he spoke of the maintenance of law and order as the "joint concern of the whole continent,"<sup>28</sup> the United States in this case simply supplied information and demonstrated its goodwill without consulting the Latin American nations on the procedure to be followed. The latter were informed that the United States had absolutely no desire to intervene in Cuba and was seeking every means to avoid intervention.

#### Recognition

The State Department in Washington announced that "our government is prepared to welcome any government representing the will of the people of the republic and capable of maintaining law and order throughout the island."<sup>29</sup>

Apparently believing that these requirements were not fulfilled, the Department did not extend recognition.<sup>30</sup> Despite the narrow basis of his support and the constant existence of conditions of violence and anarchy on the island, Grau claimed that his government was better able to maintain order and protect life, liberty and property than either the Machado or the Céspedes régimes and should consequently be recognized. "Non-recognition in our case signals a new type of intervention—intervention by inertia—if nothing else, in our internal affairs," he declared.<sup>31</sup> Nevertheless, the United States government did not alter its policy. In a statement issued after a conference with Sumner Welles at Warm Springs, President Roosevelt announced that:

"Recognition by the United States of a government in Cuba affords in more than ordinary measure both material and moral support to that government. For this reason we have not believed that it would be a policy of friendship and of justice to the Cuban people as a whole to accord recognition to any provisional government in Cuba unless such government clearly possessed the support and the approval of the people of that repub-

27. *Ibid.*

28. Wilson Day address, cited, p. 272.

29. Statement of Secretary Hull, *New York Times*, September 12, 1933.

30. Ambassador Welles later stated that, "The Government of the United States did not believe it had the moral right to recognize a government which unquestionably met with the whole-hearted opposition of all important elements in Cuban life from the laborer and the small farmer to the professional man and the business man, and thus help in saddling upon the Cuban people for an indefinite period a régime which they had had no part in putting in office, which they themselves showed they did not want, and which could only retain itself in power through armed force." Welles, *Relations between the United States and Cuba*, cited.

31. *New York Times*, October 29, 1933.

lic. We feel that no official action of the United States should at any time operate as an obstacle to the free and untrammeled determination by the Cuban people of their own destinies."<sup>32</sup>

The President stated, moreover, that economic aid and abrogation of the Platt Amendment would not be considered until a government with enough popular support to show evidence of genuine stability was formed. Admitting the implied criticism of the Grau government, many observers argued that the social crisis in Cuba was so severe that popular government was impossible and that military dictatorship or a still more radical régime were the only alternatives to recognition.

In the middle of January 1934 the Grau government was overthrown, and after a brief interregnum a provisional government led by Colonel Carlos Mendieta took office.<sup>33</sup> The new régime was composed of leaders of the more moderate factions and was at the outset widely supported in Cuba.

The attitude of the United States toward the Mendieta government differed sharply from its attitude toward the Grau government. After a conference at the White House between President Roosevelt and the diplomatic representatives of seventeen South American nations on January 22, 1934, it was announced that recognition would follow immediately.<sup>34</sup> Recognition was in fact extended five days after Mendieta took office. It was at once intimated that the United States would now lend its cooperation for improvement of the economic relations between the two countries.<sup>35</sup>

On February 8 President Roosevelt recommended to Congress a quota of 1,944,000 tons for Cuban sugar in the United States market.<sup>36</sup> On February 10 Ambassador Caferry, who had replaced Mr. Welles, notified the Cuban government that a quota of 600,000 gallons of alcoholic beverages could be exported to the United States before April 30.<sup>37</sup> On March 9, 1934 the Second Export-Import Bank was established to facilitate trade with Cuba; on April 30, 1934 the Bank loaned Cuba \$4,000,000 for the purchase of silver to be coined and used for payment of government salaries and expenses, agricultural reforms, and a program of public works to relieve unemployment.<sup>38</sup> On June 29, 1934 President Roosevelt signed an arms embargo which prohibited the exportation of arms and

32. *New York Times*, November 24, 1933.

33. *New York Times*, January 16-18, 1934.

34. State Department, *Press Releases*, January 27, 1934; *New York Times*, January 24, 1934.

35. *New York Times*, January 23-24, 1934.

36. *New York Times*, February 9, 1934.

37. *New York Times*, February 11, 1934.

38. State Department, *Press Releases*, May 5, 1934; *New York Times*, May 1, 1934.

munitions of war to Cuba except on application for a license and on approval of the Cuban government.<sup>40</sup>

#### Platt Amendment Abrogated

The most important acts of the Roosevelt administration to assist in the reorganization of Cuba were, first, the negotiation of a new agreement repealing the Platt Amendment and, second, measures to revive Cuban-American trade. On May 29, 1934 the two governments signed an agreement setting aside the Permanent Treaty, except insofar as the naval base at Guantanamo is concerned. The text of this agreement is as follows:

Article I. The Treaty of Relations which was concluded between the two contracting parties on May 22, 1903, shall cease to be in force, and is abrogated, from the date on which the present Treaty goes into effect.

Article II. All the acts effected in Cuba by the United States of America during its military occupation of the island, up to May 20, 1902, the date on which the Republic of Cuba was established, have been ratified and held as valid; and all the rights legally acquired by virtue of those acts shall be maintained and protected.

Article III. Until the two contracting parties agree to the modification or abrogation of the stipulations of the agreement in regard to the lease to the United States of America of lands in Cuba for coaling and naval stations signed by the President of the Republic of Cuba on February 16, 1903, and by the President of the United States of America on the 23d day of the same month and year, the stipulations of that agreement with regard to the naval station of Guantanamo shall continue in effect. The supplementary agreement in regard to naval or coaling stations signed between the two Governments on July 2, 1903, also shall continue in effect in the same form and on the same conditions with respect to the naval station at Guantanamo. So long as the United States of America shall not abandon the said naval station of Guantanamo or the two Governments shall not agree to a modification of its present limits, the station shall continue to have the territorial area that it now has, with the limits that it has on the date of the signature of the present Treaty.

Article IV. If at any time in the future a situation should arise that appears to point to an outbreak of contagious disease in the territory of either of the contracting parties, either of the two Governments shall, for its own protection, and without its act being considered unfriendly, exercise freely and at its discretion the right to suspend communications between those of its ports that it may designate and all or part of the territory of the other party, and for the period that it may consider to be advisable.

Article V. The present Treaty shall be ratified by the contracting parties in accordance with their respective constitutional methods; and shall go into effect on the date of the exchange of their ratifications, which shall take place in the city of Washington as soon as possible.<sup>41</sup>

#### Economic Aid

From the economic point of view Cuba was aided by the enactment on May 9, 1934 of the Jones-Costigan Act, which made sugar a basic commodity under the Agricultural Adjustment Act and which authorized the Secretary of Agriculture to fix maximum quotas of sugar that may be imported from Cuba and the insular possessions of the United States. Under authority of this act the Secretary of Agriculture granted Cuba a quota of 1,902,000 short tons of sugar. At the time of the passage of the act President Roosevelt also lowered the duty on Cuban sugar from 2 to 1½ cents per pound. Although the quota falls more than a million tons short of the average which Cuba sold the United States between 1927 and 1930, the act did make possible an increase of 300,000 short tons in sugar exports over 1933. It also restored a feeling of confidence, in the absence of which the Cuban sugar industry was rapidly disintegrating. The act, however, cut down the importation of refined sugar about 15 per cent as compared with the year of Cuba's maximum exportation to the United States.<sup>41a</sup>

Moreover, on August 24, 1934 Cuba and the United States entered into a trade agreement, the first to be concluded under authority of the reciprocal Trade Agreements Act signed by President Roosevelt on June 12, 1934.<sup>42</sup> This agreement, which in effect is a revision of the reciprocity agreement of 1902 between Cuba and the United States, brought about the lowering of duties by both governments. The United States further reduced the duty on Cuban sugar from 1½ cents to .9 cent per pound; it likewise reduced the duty on rum and molasses products from \$4 to \$2.50 per gallon. Similar reductions were made in the case of duties on tobacco, fresh fruits and vegetables; but in order to protect the tobacco control program of the United States, Cuban tobacco imports were limited to 18 per cent of the total amount of tobacco used in the United States for cigars during the previous year. Moreover, the reduction of the American duty on Cuban vegetables and fruits takes effect only during the season when such articles are not being produced in the northern climate. In return for these concessions the Cuban government reduced import duties on American goods, usually by increasing the American preference as established by the 1902 treaties over the regular Cuban duties. Cuba made especially valuable concessions to Americans on hog lard and allied products as well as on wheat flour, rice, passenger automobiles, American cigarettes and other articles. Cuba also agreed not to increase the

40. State Department, *Press Releases*, June 30, 1934.

41. U. S. Department of State, *Treaty Information*, Bulletin No. 56, May 31, 1934 (Washington, Government Printing Office, 1934).

41a. United States, Public Statutes, No. 213, 73d Congress, H.R. 8861 (Washington, Government Printing Office, 1934).

42. *New York Times*, June 13, 1934.

existing rate of duties on a large number of American products, to clarify customs nomenclature and to reduce internal taxes affecting a number of American articles.<sup>43</sup>

It should be noted that the agreement marks an attempt to maintain the protection accorded since 1924 to those Cuban agricultural and industrial enterprises which have not shown themselves to be purely artificial.<sup>44</sup> Although more time must elapse before it will be possible to make an accurate estimate of the results of the agreement, a decided spurt in Cuban trade, both exports and imports, was noted in September and October 1934, the first full months of the treaty's operation.<sup>45</sup>

#### Criticism of United States Policy

Nevertheless, social unrest continued to threaten the existence of the Mendieta government which had been weakened by the withdrawal of certain factions in the summer of 1934. Constitutional guarantees, which had been restored on February 4, 1934, were once more suspended on March 7, 1934.<sup>46</sup> United States naval vessels continued to be stationed in Havana harbor until September 1, 1934.<sup>47</sup> Instead of praising the United States for its willingness to abrogate the Platt Amendment and to carry out measures of economic rehabilitation, many elements in the Cuban opposition criticized the American government for concluding treaties of a far-reaching nature with a provisional Cuban régime. Numerous critics also declared that, despite the repeal of the Platt Amendment, the United States had continued to control Cuba by the maintenance of warships in Cuban waters and by the more subtle procedure of first withholding and then lending economic aid to Cuba. They make a similar claim in connection with the embargo on the shipment of arms. The chief point of attack, however, has been the alleged use by the United States government of political methods—specifically, its recognition policy—to create and destroy Cuban governments, contrary to the professions of the administration. Observers compare Washington's attitude toward Grau with its promptness in recognizing the more conservative Mendieta government.

It is asserted, moreover, that the policy of the United States has not been justified by

<sup>43.</sup> In accordance with the terms of the Trade Agreements Act of 1934, the agreement remains in force for three years, after which time it may be denounced by either government on six months' notice. State Department, *Press Releases*, August 25, 1934. When the agreement ceases to be effective, the Commercial Convention of 1902 will again come into force. *Ibid.* Although the new agreement is often referred to as a treaty, it is, properly speaking, an executive agreement.

<sup>44.</sup> C. A. Thomson, "A New Reciprocity Treaty with Cuba," *Foreign Policy Bulletin*, August 31, 1934.

<sup>45.</sup> *New York Times*, November 5, 18, 1934.

<sup>46.</sup> *Current History*, April 1934, p. 80; May 1934, p. 214.

<sup>47.</sup> *New York Times*, September 2, 1934.

its results. Terrorism in Cuba has continued, and the sharp cleavage between old-line politicians like Mendieta and left-wing groups has not disappeared. It is pointed out that, at a time when conditions the world over are distinctly unfavorable to the existence of democratic government, it is scarcely reasonable to require a broad coalition government in Cuba, where the intensity of the social crisis may demand militant minority rule if stability is to be achieved.

Defenders of the Roosevelt administration's policy maintain that the position of the United States has been both correct and salutary for the Cubans. Despite extremely difficult circumstances, they hold, the United States has acted with tact and restraint under conditions established by the terms of the Platt Amendment. Without actually intervening, the United States has aided the Cuban people to replace an unpopular government by one more nearly in accord with their views and has saved Cuba from military dictatorship. Because of the moral and practical support afforded by recognition, the United States has wished to make sure that a régime has substantial popular backing before it extends recognition. It is pointed out, moreover, that other American nations have been consulted and informed concerning our actions at times of crisis in Cuba.

#### HAITI

While the Hoover administration had somewhat narrowed the range of American administrative control in Haiti, it had consistently refused to meet the Haitian demand that it relinquish its financial and customs receivership in the island. An agreement embodying the changes the United States was willing to make had been signed on September 3, 1932 by the two governments, but was unanimously rejected by the Haitian National Assembly. Critics in Haiti alleged that this agreement would have increased the scope of United States fiscal control and permitted continuance of the military occupation.<sup>48</sup> In attempting to conclude a new settlement, the Roosevelt administration signed an executive agreement on August 7, 1933 which did not require the assent of the Haitian legislature. This document provided for the unconditional withdrawal of American forces from the island before the end of October 1934, but made no great changes in the financial provisions of the September 1932 treaty.<sup>49</sup> In accordance with the terms of the agreement, the last American marines left the island on August 15, 1934.<sup>50</sup>

<sup>48.</sup> For a fuller account, cf. R. L. Buell, "The Cuban Situation: Cuba and Haiti," *Foreign Policy Reports*, June 21, 1933; and State Department, *Press Releases*, September 10, 1932.

<sup>49.</sup> Cf. R. L. Buell, "Intervention in the Caribbean?" *Foreign Policy Bulletin*, August 11, 1933.

<sup>50.</sup> State Department, *Press Releases*, August 18, 1934.

President Vincent of Haiti, however, continued to press for spontaneous renunciation of financial control by the United States, an act involving abrogation of the executive agreement.<sup>51</sup> The United States government took the position that it was bound to respect the obligations to the bondholders assumed by Haiti in the loan protocol of 1919. In the absence of these guarantees the investors, it is asserted, would not have invested in the bonds. Nevertheless, President Roosevelt made it clear that this country would welcome any arrangement which might be worked out by Haiti, in agreement with the bondholders, "which would result in the withdrawal by this government from its part in the administration of Haitian finances."<sup>52</sup> Although this stand was consistent with the position taken by Secretary Hull at Montevideo with regard to the observance of past commitments, criticism of the United States was expressed for demanding from Haiti guarantees for bond payments not extended to domestic or other foreign bonds held in this country.

Following the procedure recommended by President Roosevelt, the Haitian government, with the State Department's approval, negotiated a new arrangement during the spring of 1934 with the private interests involved. The new plan provides for the sale of the Banque Nationale d'Haiti by its owner, the National City Bank of New York, to the Haitian government for the book value of the bank's stock, approximately \$1,000,000, upon payment of a liquidating dividend. Four hundred and fifty thousand dollars of the sale price is to be paid in promissory notes, which will fall due at regular intervals over a period of three years; by a provision that the stock of the bank is pledged for the payment of the notes and may be sold in case of default, it is possible for the National City Bank to resume control in case of mismanagement. The new organization is to be governed by a Board of Directors appointed by the Haitian President, but until the bonds are retired a majority of its members will be selected by him from panels presented by the Foreign Bondholders Protective Council, Inc., and the National City Bank as fiscal agent for the bonds. The Haitian government will meet its obligations to the bondholders by making the bank the sole depository of government funds, from which it will pay the service charges on the bonds. The bank is to organize a Haitian system of customs collection,

51. Letter of President of Haiti to the President of the United States, November 16, 1933. State Department, *Press Releases*, December 2, 1933.

52. Letter of Acting Secretary of State William Phillips to Mr. Harry F. Ward, chairman, American Civil Liberties Union, State Department, *Press Releases*, December 2, 1933. Letter of President Roosevelt to President Vincent, November 29, 1933. State Department, *Press Releases*, December 9, 1933. Cf. also *Foreign Policy Bulletin*, June 1, 1934.

and the Haitian government promises to obtain the advice of the bank directors with regard to certain budgetary matters.<sup>53</sup>

If this agreement is consummated, interference with Haitian sovereignty by the fiscal representative of the United States government will be ended, and at the same time the rights of American bondholders will be safeguarded by non-political means. The understanding is that as soon as the sale is arranged, the United States will sign a new agreement abrogating the treaty of 1915 and the protocol of 1919, which authorize the American financial and customs control. It is difficult to see how, in the circumstances, the State Department could have carried out more exactly the announced policy of the Roosevelt administration. Yet, largely for internal political reasons, the Haitian legislature did not approve the contract of sale at its last session. It is possible that President Vincent will be able to influence sentiment in the legislature to a degree sufficient to secure assent to the present arrangement in the near future. If he does not succeed in this task, it would hardly seem that Haitians can rightfully complain that the United States has not done its part in attempting to carry out the policy of the "good neighbor" in Haiti.

#### DOMINICAN REPUBLIC

In 1931, when the Dominican government virtually suspended amortization payments on the foreign debt, thereby violating the 1924 treaty under which the United States maintained its customs receivership, the State Department tacitly accepted this action.<sup>54</sup> A new settlement was concluded with the Dominican government by the Foreign Bondholders Protective Council, Inc.<sup>55</sup> in August 1934, with the approval of the State Department. The new arrangement provides for continued payment of full interest on all outstanding bonds, the postponement of the maturity of the two outstanding bond issues from 1940 and 1942 to 1962 and 1970, and a partial moratorium through 1938.<sup>56</sup> Although some observers reproached the Department for aiding in the maintenance of an allegedly ruthless dictatorship, it is argued

53. Cf. R. L. Buell, "Does Haiti Want Independence?" *Foreign Policy Bulletin*, June 1, 1934; Ernest Gruening, "Haiti for the Haitians," *Current History*, July 1934.

54. For a history of the customs receivership in the Dominican Republic, cf. Sumner Welles, *Naboth's Vineyard* (New York, Payson and Clarke, 1928); M. M. Knight, *The Americans in Santo Domingo* (New York, Vanguard, 1928).

55. This is a private agency with no official governmental connections.

56. The customs receivership was similarly prolonged. Cf. State Department, *Press Releases*, August 18, 1934; statement from the Legation of the Dominican Republic, August 16, 1934, text of statement of J. Reuben Clark, Jr., president of Foreign Bondholders Protective Council, Inc., August 16, 1934, and correspondence between President Rafael L. Trujillo and the Foreign Bondholders Protective Council, Inc., *New York Times*, August 17, 1934. Cf. also William T. Stone, "Haiti and Santo Domingo," *Foreign Policy Bulletin*, August 24, 1934.

that in refraining from intervention while furthering the interests of American bondholders, the Department acted in harmony with the policy of the Roosevelt administration.<sup>57</sup>

#### CENTRAL AMERICAN RECOGNITION POLICY

A significant change in attitude with regard to the recognition question in the Central American republics has taken place under the Roosevelt administration. In the past the United States has had a long record of interference in the affairs of these countries.<sup>58</sup> In 1922-1923 Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua held a conference in Washington at the invitation of the United States. With strong moral support from the United States, they attempted to promote political stability within their borders by mutually agreeing not to recognize revolutionary governments, nor to recognize as president any one who came into power as the result of a revolution if he had held a cabinet post during the six months prior to the overturn. Many critics regarded the circumstances under which the agreement was signed as evidence of a thinly veiled suzerainty exercised by the United States. When Secretary Stimson announced this country's return to a *de facto* recognition policy, it was understood that the change would not apply to the Central American republics.<sup>59</sup>

Both El Salvador and Costa Rica denounced the 1923 treaty as of January 1, 1934, and on that date Costa Rica extended recognition to the revolutionary government of President Martínez of El Salvador, which had come into power in December 1931. The treaty provided that, as long as it had not been denounced by three of the parties, it remained in effect. Guatemala, Nicaragua and Honduras recognized the Martínez government on January 25, 1934, on the ground that, while the treaty was in effect among themselves, it was no longer binding as regards their relations with Costa Rica and El Salvador. On the next day Washington took similar action.<sup>60</sup> Recognition in this case not only removed a serious inconsistency in our recognition policy but constituted renunciation of any special interest which the United States may have had in the internal political affairs of the Central American republics. As such, it was another illustration of the

57. For other criticism, cf. Max Winkler, "The Dominican Pact," Letter No. 58, August 21, 1934, American Council of Foreign Bondholders (New York).

58. For a history of United States relations with these nations, cf. R. L. Buell, "The United States and Central American Stability" and "The United States and Central American Revolutions," *Foreign Policy Reports*, July 8 and July 22, 1931.

59. The agreement had been consistent with the Wilsonian recognition policy. Cf. p. 271.

60. Cf. C. A. Thomson, "The Latin American Kaleidoscope," *Foreign Policy Bulletin*, March 2, 1934.

non-intervention policy of the Roosevelt administration. It stood in contrast to our attitude in the Cuban situation.

#### PANAMA

By a treaty concluded in 1903 the United States guaranteed the independence of Panama and received certain rights and privileges in both the Canal Zone and the Republic. An attempt to determine more precisely the extent of the rights of the United States failed when a treaty signed in 1926 was not ratified by Panama.<sup>61</sup> Generally speaking, the United States government has maintained its right of intervention in order to fulfill its treaty obligations in Panama. As late as 1928 Secretary of State Kellogg warned that, if a revolution followed the forthcoming elections, the United States would use its right to maintain order should the Panama government be unable to do so. Nevertheless, when a revolution did occur in January 1931, the United States, apparently in accordance with the new Hoover policy, made no attempt to intervene, and recognized the new government.<sup>62</sup>

Under the Roosevelt administration negotiations for a new treaty have begun. After a visit to Washington by President Arias of Panama, a joint statement was issued by the two Presidents on October 17, 1933, indicating the possible scope of a new agreement. A limitation of the right of the United States to intervene in Panama proper was implicit in the statement that, "Now that the Panama Canal has been constructed, the provisions of the Treaty of 1903 between the United States and Panama contemplate the use, occupation and control by the United States of the Canal Zone for the purpose of the maintenance, operation, sanitation and protection of the Canal."<sup>63</sup> While it is extremely doubtful that any rights considered necessary for adequate defense of the canal will be relinquished, observers are optimistic concerning the possibility of a treaty which would definitely limit the right of the United States to interfere in the internal affairs of the Panama government, settle commercial and fiscal questions in connection with the Zone, and end disputes about miscellaneous questions such as the monopoly of radio communications and the issuance of airplane licenses.

#### PEACE IN THE CHACO

Notwithstanding the efforts of various nations, acting alone and collectively, to effect a settlement, the protracted struggle between

61. For a complete review of this problem, cf. R. L. Buell, "Panama and the United States," *Foreign Policy Reports*, January 20, 1932.

62. *Ibid.*

63. State Department, *Press Releases*, October 21, 1933; *New York Times*, October 18, 1933.

Bolivia and Paraguay dragged on into December 1934, with the latter country holding the advantage over its exhausted rival. Several peace agencies—a Commission of Neutrals including the United States, a group of South American powers (Argentina, Brazil, Chile and Peru), the Montevideo Conference, and the League of Nations—have attempted in vain to induce the belligerents to cease hostilities.<sup>64</sup> Both parties to the dispute have succeeded in playing off the various peace agencies against one another, with the result that no proposal for settlement has been accepted.

Although it has ostensibly approved all efforts to reestablish peace in the Chaco, the United States has inclined to the view that purely American disputes should be settled by American nations. It has consequently been somewhat reluctant to collaborate with Geneva in working out formulas for settlement. At the Montevideo Conference, for example, the United States, supported by Brazil, secured the modification of a specific pledge to cooperate with the League in the application of the Covenant. The altered resolution was merely a promise to support "in accordance with the special circumstances and policy of each government, the formula of settlement which may be arrived at for the solution of the Chaco conflict."<sup>65</sup> On November 15, 1934 the United States, acting "on its independent judgment as the exigencies of each case may suggest," declined to cooperate with the League Assembly's committee on the Chaco dispute in working out a settlement, on the ground that the moment was not opportune for collaboration.<sup>66</sup> Nevertheless, the United States had endeavored to aid in shortening the war by imposing an arms embargo on the shipment of munitions to both belligerents on May 28, 1934.<sup>67</sup>

A special session of the League Assembly on November 24, 1934 adopted a plan for settlement, as follows:<sup>68</sup>

1. Cessation of hostilities within six days after acceptance of the recommendations, to be followed by demobilization of the two armies. Execution of these arrangements is to be supervised by a committee composed of representatives of the adjacent states, as well as the United States and Brazil, should they accept the invitation.
2. Convocation of a peace conference in Buenos Aires within one month after termination of fighting. The conference, to which, in addition to the

64. For background on the Chaco dispute, cf. John C. deWilde, "South American Conflicts: the Chaco and Leticia," *Foreign Policy Reports*, May 24, 1933.

65. Cf. Thomson, "The Seventh Pan-American Conference: Montevideo," cited.

66. State Department, *Press Releases*, November 17, 1934.

67. *Ibid.*, June 2, 1934.

68. League of Nations, Report as Provided for Under Article XV, Paragraph 4, of the Covenant. A.(Extra.)5.1934.VII., November 24, 1934.

belligerents, the neighboring countries, the members of the Washington Committee of Neutrals, and Venezuela and Ecuador are to be invited, will consider in order: (a) delimitation of the frontier in the Chaco, (b) permanent conditions of security to be adopted as safeguards against a renewed outbreak of hostilities, and (c) economic clauses of the peace settlement, including the problem of affording Bolivia access to the sea.

3. If within specified time limits the Buenos Aires conference achieves no agreement, the following procedure is envisaged:

- a. The World Court will decide the territorial question.
- b. The Supervisory Committee will submit an opinion on the security questions and, failing acceptance of this opinion, the issues in dispute will be arbitrated.
- c. A special commission of experts appointed by the League Council will give an advisory opinion on the economic settlement, and if its opinion is not accepted, this question will also be arbitrated.

4. An Advisory Committee of twenty-three, to which the United States and Brazil also are invited to appoint members, is set up to supervise application of the plan and is empowered to appeal to the World Court for an advisory opinion on any question. Its first meeting will take place on December 20.

After explaining its position to ten Latin American governments, including Paraguay and Bolivia,<sup>69</sup> the United States in a note delivered to the League of Nations on December 7, 1934 defined the circumstances under which it would cooperate. Noting the fact that the neutral commission would "be composed of representatives of American States meeting on American soil for the specific purpose of supervising and facilitating the execution of measures relating to the cessation of hostilities," the State Department agreed to cooperate with it "by appointing a member of the Commission, who would, however, participate in the labors of the Commission without the power to vote or to commit the United States except under specific instructions from the Government of the United States." The Department also agreed to take part in the proposed peace conference of American states at Buenos Aires. It refused, however, to collaborate with the Advisory Committee, on the ground that the functions of this committee were too closely bound up with League machinery and League efforts for settlement of the dispute. Nevertheless, the United States expressed its readiness to "maintain informal contact with the members of the Advisory Committee for purposes of information."<sup>70</sup>

While this carefully qualified pledge of collaboration with League agencies marked a distinct change in this country's attitude,

69. *New York Times*, December 8, 1934.

70. State Department, *Press Releases*, December 7, 1934.

the United States did not go so far in the Chaco as it had in cooperating with the League of Nations during the Manchuria and Leticia incidents. The parties to both of these disputes, however, were signatories of the Anti-War pact as well as the League Covenant; while Bolivia is not bound by the former agreement.<sup>71</sup>

Should either Bolivia or Paraguay refuse to accept the plan now proffered by the

League, neither the neutral commission nor the peace conference would come into existence, and the Advisory Committee would be forced to consider further steps without the formal assistance of the United States. Meanwhile, the United States, together with eighteen other American nations, remains bound by its undertaking not to recognize the validity of any territorial acquisition achieved by force of arms in the Chaco.

### CONCLUSION

From the foregoing survey of Latin American events it is apparent that in several respects the Roosevelt administration has proceeded along a course tentatively set under President Hoover. Abandonment of the aggressive expansion of influence conducted by the United States on this continent since the turn of the century was well under way by March 1933. While the Roosevelt administration openly renounced unilateral intervention by force of arms, the preceding administration had already begun the withdrawal of marines; while a return to our pre-Wilsonian recognition practice was completed under President Roosevelt, the general policy had already been stated by Secretary Stimson; and while the Roosevelt administration has been reluctant to press for full and punctual settlement of financial obligations, the State Department had been equally lenient under President Hoover. Nevertheless, the general tone of the Latin American relations of the United States has undeniably improved since the inauguration of President Roosevelt. This development may in some degree be attributed to specific acts of the administration, such as the abrogation of the Platt Amendment, the Jones-Costigan Act,

the Cuban trade agreement, the evacuation of Haiti and the recognition of the Martínez government in El Salvador. Perhaps equally important have been declarations respecting the sovereign rights and dignity of smaller nations and their representatives, made by both President Roosevelt and Secretary Hull.

The question remains whether the Roosevelt administration will abide by the spirit of the "good neighbor" policy in times of crisis. Subjected to pressure from economic interests in this country, it may be impelled toward a policy of interference in the affairs of Caribbean nations by diplomatic methods.<sup>72</sup> Such a development would be regarded by Latin Americans as a recrudescence of unilateral intervention in a less clearly defined form. Observers have already noted this tendency during the troubled course of Cuban events. Still others declare that, except for the trade agreement with Cuba, the United States has not yet taken effective steps to improve its economic and financial relations with Latin America, and has followed an indecisive policy, as far as cooperation with the League of Nations is concerned, in the settlement of inter-American disputes.

71. Cf. J. C. deWilde, "The League and the Sino-Japanese Dispute," *Foreign Policy Reports*, July 20, 1932; also State Department, *Press Releases*, March 20, 1933.

72. Increasing control of international trade by national governments, however, may make more practicable the use of economic policies by Latin American states to support general opposition to intervention. Moreover, it may be contended that the United States, in any possible future reversal of policy, must

take into account its participation in the 1923 and 1929 inter-American conciliation treaties and the Montevideo protocol, which require submission of grievances to a commission of inquiry and conciliation before intervention can take place. Cf. Carlos Dávila, "The Montevideo Conference: Antecedents and Accomplishments," *International Conciliation* (New York, Carnegie Endowment for International Peace, May 1934), No. 300, p. 141, 142.